



TENNESSEE REGISTRY OF ELECTION FINANCE

Contribution Audit of Representative J. Thomas Dubois Third Quarter 2006



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November 7, 2007

Members of the Registry of Election Finance
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Ladies and Gentlemen:

Transmitted herewith are the agreed upon procedures for the un-itemized contribution audit of Representative J. Thomas Dubois' 2006 Third Quarter Campaign Financial Disclosure Statement for his 2006 election campaign for the House of Representatives. This audit was conducted pursuant to the requirements of T.C.A. §2-10-212.

The procedures were developed to aid the Registry of Election Finance in its responsibilities to monitor and enforce Tennessee's Campaign Financial Disclosure Law and Campaign Contribution Limits Law. The candidate is responsible for complying with campaign finance laws and the accuracy of campaign financial disclosures. The sufficiency of these procedures is solely the responsibility of the Registry's internal audit group. Consequently, we make no representation regarding the sufficiency of the agreed upon procedures described in the report for any other purpose than aiding the Registry.

This report is intended for the information and use of the Members of the Tennessee Registry of Election Finance as outlined; and is not intended to be and should not be used by anyone other than the Registry without understanding the objectives, purposes, and underlying assumptions. This report, however, is a matter of public record.

Sincerely,

Jay Moeck, CPA, CFE
Audit Manager

STATE OF TENNESSEE
REGISTRY OF ELECTION FINANCE

Audit Highlights
Representative J. Thomas Dubois
2006 Third Quarter Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Representative J. Thomas Dubois' compliance with certain provisions of campaign finance disclosure laws and regulations; compliance with certain provisions of campaign contribution limits laws and regulations; accuracy; and completeness of the un-itemized contribution disclosures on his 2006 Third Quarter Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

FINDING

1. Rep. Dubois failed to itemize a contribution from an individual who contributed more than \$100.00 during the reporting period. Rep. Dubois did not itemize one contribution from an individual that contributed \$160.00 during the third quarter reporting period, which violated T.C.A. § 2-10-107(a)(2)(A)(i). The \$160.00 contribution represented approximately 2% of the un-itemized contributions reported during the third quarter reporting period.

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INTRODUCTION

AUDIT AUTHORITY

In February 2006, the Tennessee Legislators and Governor Phil Bredesen enacted the “Comprehensive Governmental Ethics Reform Act of 2006,” which amended Tennessee’s campaign finance disclosure laws and duties of the Registry of Election Finance. The legislation established the audits of campaign disclosure reports. *Tennessee Code Annotated* (T.C.A.) §§2-10-206 and 2-10-212 authorize the Registry of Election Finance (Registry) to conduct audits of campaign finance disclosure statements filed with the Registry. The audit was initiated based on T.C.A. §2-10-212(i), which requires the Registry to audit any candidate that files a disclosure statement with more than 30% of the candidate’s contributions reported as un-itemized contributions and the un-itemized contributions were greater than \$5,000.00.

AUDIT PURPOSE

The Registry’s contribution audits were developed to assist and encourage candidate compliance with campaign disclosure laws. The audit process assists the Registry in providing timely and accurate campaign information to government officials and the general public. The Registry’s audits provide a tool to the Registry to evaluate the effectiveness of the campaign financial disclosure process. In addition, the audits assist the Registry with the enforcement of campaign finance limit laws and campaign finance disclosure laws. Finally, the audit reports are intended to assist the candidate and the State of Tennessee with promoting governmental accountability and integrity.

AUDIT SCOPE

Tennessee’s campaign financial disclosure law requires candidates to make biannual financial disclosures as of the date of the first contribution or first expenditure, whichever occurs earlier. The biannual report periods are from January 16 to June 30 and July 1 to January 15 of each year. During an election year, the disclosures expand to quarterly reports, pre-primary reports, and pre-general reports. This audit relates to disclosures made subsequent to the passage and approval of the Comprehensive Governmental Ethics Reform Act of 2006. The act was approved on February 15, 2006. In addition, the audit relates to only disclosure reports that meet the requirements listed in T.C.A. §2-10-212(i). Therefore, the audit reviewed only Rep. Dubois’ disclosures on his 2006 third quarter report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Representative J. Thomas Dubois was a candidate in the November 7, 2006 general election for the House of Representatives for district 64. Mr. Dubois filed an Appointment of Political Treasurer Statement with the Registry on December 13, 2004 appointing Jimmy Langsdon as political treasurer.

The candidate's first financial disclosure for the 2006 campaign was the 2005 Early Supplemental report filed on January 31, 2006. The candidate's concluding financial disclosure report for the 2006 Election was the 2006 fourth quarter, which he filed on January 24, 2007. The 2006 fourth quarter amended report indicated \$9,765.49 in cash on hand, \$0.00 in outstanding obligations, and \$0.00 in outstanding loans. The candidate has completed his reporting requirements for the 2006 election campaign as of January 2007, when his remaining balance was transferred to his 2008 election campaign.

OVERVIEW OF FINANCIAL ACTIVITIES

The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2005 early supplemental, 2006 first quarter, 2006 second quarter, 2006 pre-primary, 2006 third quarter, 2006 pre-general, and 2006 fourth quarter reports after amendments. As noted in the audit scope, we only audited the un-itemized contributions from disclosures for the 2006 third quarter. The amounts displayed are for informational purposes only.

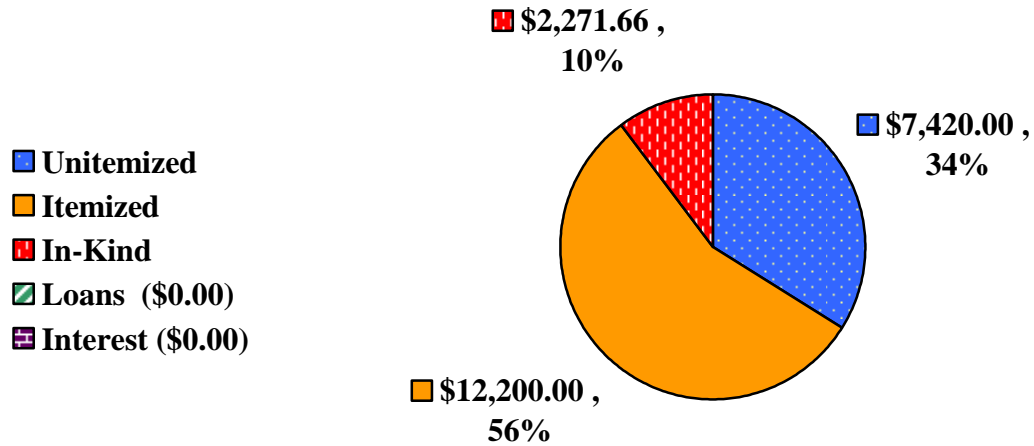
<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at January 1, 2005		\$16,710.57 ¹
Receipts		
Itemized	\$113,069.00	
Un-itemized	15,205.00	
Interest	0.00	
Loans receipted	0.00	
Total receipts		<u>\$128,274.00</u>
Disbursements		
Itemized	\$124,950.47	
Un-itemized	10,268.61	
Loans principal payments	0.00	
Total disbursements		<u>\$135,219.08</u>
Cash on hand at January 15, 2007		<u>\$9,765.49</u>
Loans outstanding at January 15, 2007		\$0.00
Obligations at January 15, 2007		\$0.00
Total in-kind contributions received		\$14,353.69

¹ The cash balance at 1/1/2005 is funds transferred from the candidate's 2004 campaign.

CHARTS

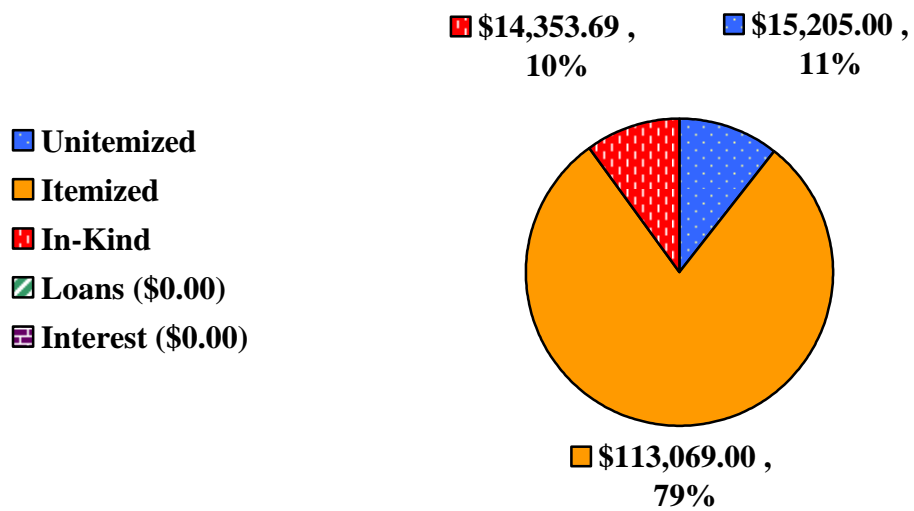
2006 THIRD QUARTER CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2006 third report.



2006 ELECTION CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate for the 2006 election campaign.



OBJECTIVES, METHODOLOGIES, CONCLUSIONS

UN-ITEMIZED CONTRIBUTIONS AND RECEIPTS

Audit Objectives:

The objectives of our audit of un-itemized contributions were to determine whether:

- campaign contributions from individuals and Political Action Committees (PAC) were within limits;
- all contributions were from non-prohibited sources;
- all contributions received were reported, reported in the proper period, reported in compliance with T.C.A §§ 2-10-105 and 2-10-107, and reported in compliance with the Registry's rules; and
- all contributions were supported by bank statements and deposit slips.

Audit Methodology:

The Registry obtained Rep. Dubois' 2006 Third Quarter Campaign Financial Disclosure Statement Amended on October 30, 2006 to verify that the un-itemized contributions were greater than \$5,000.00 and 30% of the total contributions reported. We requested Rep. Dubois to provide supporting documentation for un-itemized contributions of \$7,420.00 that he reported on his 2006 third quarter report. Rep. Dubois' provided auditors with campaign records for the third quarter, which included his bank statements, deposit slips, photocopies of contributor checks, and contributor lists. The following steps were performed on Rep. Dubois' campaign documentation:

- The documentation was reviewed to determine if the candidate's un-itemized contributions received from July 25, 2006 thru September 30, 2006 totaled \$7,420.00.
- A list of un-itemized contributions was prepared and compared to the candidate's bank statements to determine if the candidate deposited all funds into a campaign bank account and properly recorded the funds.
- A list of un-itemized contributions by contributor was prepared and compared to the candidate's itemized contributions reported during the election to determine if campaign contributions from individuals and PACs complied with campaign contribution limits, T.C.A. § 2-10-301, et seq.

- An un-itemized contributions list was reviewed to determine if all contributions were reported, all receipts received were reported, all contributions were reported in the proper period, all contributions were reported in compliance with T.C.A. §§2-10-105 and 2-10-107, and all contributions were reported in compliance with the Registry's rules.

Audit Conclusion:

Rep. Dubois' 2006 Third Quarter Campaign Financial Disclosure Statement Amended on October 30, 2006 reported un-itemized contributions greater than \$5,000.00 and 30% of the total contributions. The campaign records indicated that Rep. Dubois deposited the un-itemized contributions that he reported on his third quarter report into his campaign account. The review of Rep. Dubois' un-itemized contributions indicated that one contributor's un-itemized contributions should have been disclosed as itemized contributions (Finding 1). The details of this violation are detailed in the finding below.

FINDING

1. Representative Dubois failed to itemize contributions from an individual who contributed more than \$100.00 during the reporting period.

Rep. Dubois did not itemize contributions from an individual who contributed a total amount of one hundred sixty dollars (\$160.00) on his 2006 Third Quarter Campaign Financial Disclosure Statement Amended on October 30, 2006. T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100.00 from one source received during a reporting period to be itemized. The itemized information for each contributor must include name, address, occupation, employer, date of receipt, and amount of the contribution. The contribution represented approximately 2% of the un-itemized contributions reported on Rep. Dubois' 2006 third quarter report.

RECOMMENDATION TO CANDIDATE

Rep. Dubois should amend his 2006 Third Quarter Campaign Financial Disclosure Statement to ensure that he reports all individuals that contributed more than \$100.00 during the reporting period as itemized. Rep. Dubois should ensure the campaign adopts and maintains a record-keeping system to determine the aggregate amount of contributions received per election from each contributor and per reporting period.

RECOMMENDATION TO REGISTRY

We recommend the Registry approve the audit performed as being sufficient and complete. Additionally, we recommend the Registry post the audit report to the Registry's web site. The report and related finding will assist current and future candidates in understanding the audit process, the purposes of Registry rules, and types of procedures needed to comply with campaign finance laws.

RESOLUTIONS

CANDIDATE'S CORRECTIVE ACTION

After notifying Rep. Dubois of the above finding by certified letter receipted October 15, 2007, he chose to take corrective action on his report prior to the Registry's approval of the audit. Rep. Dubois amended his 2006 Third Quarter Campaign Financial Disclosure Statement on October 16, 2007. The corrective actions detailed below resulted in a new aggregate amount for un-itemized contributions of \$7,260.00.

Correction Action - Finding 1:

On his amended third quarter report, Rep. Dubois moved \$160.00 from un-itemized contributions to itemized contributions. He prepared two detailed disclosures for the individual who contributed the \$160.00 during the reporting period. The campaign records provided by the candidate verified the corrections and detailed disclosures. The current amended report properly disclosed both contributions. Finally, the correction of the omission was completed within the 10 day period as outlined in T.C.A. §2-10-110(a)(2)(A).

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance reviewed the 2006 contribution audit of Rep. Dubois during the November 14, 2007 regular monthly meeting. The report contained one finding. The Registry voted to accept and approve the audit report with no further action.